Capacity and Utilisation of Oil Refineries

2725. SHRI S.M. KRISHNA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) what factors are taken into consideration by his Ministry while deciding to set-up oil refinery in the country;

(b) the details of capacity utilisation of Oil refineries, refinery-wise and the production as on date;

(c) whether national Oil Companies have demanded duty free capital goods import for oil refineries; if so the reasons for such demand; and

(d) the details of customs/excise duty annually paid by Oil companies during last two years till date?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR): (a) Major factors taken for consideration while deciding to set up a refinery are demand/supply, balance of petroleum products, crude oil sourcing investors/promoters views, infrastructure technology, investment and funding of projects, economic viability, competitiveness etc.

(b) the capacity utilisation of refineries company-wise during 1998-99 (provisional) is given below:—

Name of the refineries	% Capacity Utilisation
IOC	105.2
HPCL	90.8
BPCL	147.7
MRL	96.4
CRL	103.7
BRPL	70.4
MRPL	135.6
GRAND TOTAL	105.9

The production of products from refineries during 1998-99 (Provisional) is 64.496 MMT.

(c) Government has extended concessions on import of capital goods for grassroot refinery projects. Oil companies have been seeking similar concessions for refinery expansion proposals also.

(d) the details of custom/Excise duty paid during last two years 1996-97 and 1997-98 company-wise is given below:—

(Rs. Crores)

Name of refinery	1996-97	1997-98
IOC	9548	9849
BPCL	2189	2075
HPCL	3644	3287
CRL	975	1028
MRL	1439	1514
BRPL	110	104

Restructuring of Petroleum Sector

2726. SHRI RAJUBHAI A. PARMAR: Will the Minister PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether a high powered Committee on restructuring of petroleum sector has recommended the merger of oil refineries;

(b) if so, the details thereof; and

(c) the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR): (a) The Government had appointed an Expert Committee in October '98 to:

(i) To study and analyse the emerging scenario in the Petroleum Sector in India after the year 2001, with specific reference to development and creation of market competitiveness and the viability of stand-alone refineries and marketing company, IBP Co. Ltd., in the context of status and

the strategies of other oil companies, under the conditions of de-regulation/liberalisation and globalisation;

(ii) To examine the options available and suggest strategic alliance/ merger/integration of above oil companies between themselves or with other oil companies and to suggest/recommend the best form and mode of restructuring of the above stand-alone companies, so that viable and strong oil companies may be developed on an integrated basis for upstream and downstrem activities in the domestic oil sector for marketing and refining, which can stand up to future competitive conditions and market forces with potential for growth.

(iii) To suggest modalities and time-frame of implementation of recommendations in regard to (ii) above.

(iv) To recommend an action plan having regard to strengths/ weaknesses of the various oil companies and their Vision Plans to meet the objective indicated in para (ii) above.

(b) The summary of the recommendations of the Committee is given in the Statement. (*See* below).

(c) The recommendations of the Committee are under examination in the Government for appropriate action.

Statement

Recommendations of Dr. Nitish Sengupta Committee Report

On the basis of detailed study an assessment of various key success factors, the Committee has evaluated and assessed the position of IBP, CRL, MRL, BRPL and NRL. The Committee has also carefully considered the likely status of BPC in the context of a completely deregulated scenario.

Taking into consideration the evaluation and assessment carried out by the Committee, the following recommendations have been made so as to ensure that all stand-alone oil companies become stronger in the deregulated market and also to create a fair and competitive market for enhancement of customer services;

(a) BPC should buy up the entire shareholding of Govt. of India in CRL and make CRL its subsidiary. The marketing arrangement, if any,with IOC should accordingly be modified.

(b) Though at present IOC is a strong candidate for an alliance with MRL, the Committee recommends that for the time being the marketing arrangement of MRL with IOC should continue. Since, IOC is already a dominant player and as it is necessary to ensure fair competition, the Committee suggests that BPC be also considered in the intermediate future as a serious condidate alongwith IOC to partner MRL. However, this should be done after about 18—24 months to allow BPC sufficient time to stabilise after its takeover of CRL and the demonstration of its ability to do so without affecting the supply line and its recommended investment in IBP.

(c) IOC should buy up the entire shareholding of Govt. of India in BRPL and make this company its subsidiary.

(d) NRL should continue with BPC and IBP who are the majority shareholders along with Government of Assam. However, the Committee recommends that OIL should be roped in as a shareholder with 10% share, which can be allotted to them on preferential allotment basis out of the shares earmarked for public issue thereby creating an integrated oil net work in the North East. This process will also enhance the sentiment of the prospective investors in the capital market for purposes of its ensuing public issue.

(e) The Committee recommends that IBP should continue as a separate

corporate entity for the time being. However, it feels that IBP needs a strong strategic partner for continued supply of products and also providing marketing back up and necessary financial support. Accordingly, it endorses the views of the Disinvestment Commission that Government of India should disinvest 33.58% in favour of a strategic partner. After careful study and consideration at various strategic alliance options, based on various success factors, the Committee feels that BPC is a strong candidate in comparison to other oil companies. Therefore, Government of India should disinvest its shareholdings in IBP in excess of 26% in favour of BPC as permissible under the SEBI take over guidelines. If these guidelines stand in the way of one shot of acquisition of this block of shareholding by BPC, this may have to be done in phases or a portion of the shareholding now held by financial institutions may have to be transferred to BPC.

(f) IBP should be assured of the required products from Mathura and/or Panipat in the North and MRL and CRL in the South throught appropriate marketing tie-ups for a period of at least five years after the end of APM period in order to maintain its supplies.

(g) Government of India should constitute a petroleum regulatory body in lieu of OCC, who should regulate the supply of products besides handing critical issues during the transition period of deregulation.

(h) All the existing pipelines excluding strategic pipelines owned by IOC should be transferred to an independent company such as the Petronet India Limited so that all the marketing companies get fair and equitable access to these pipelines for movement of products.

(i) After implementation of the recommendation, the Committee has identified that there will be three market players, e.g., IOC, HPC and BPC-IBP. It feels that at a later date, the possibility of a combination of HPC, BPC-IBP, CRL, MRL AND NRL should be explored through an umbrella of a holding company. This new entity will be equal in size to IOC and would not only provide good competition but could also emerge as a global player in competition with the international oil majors.

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गुजरात में कच्चे तेल का उत्पादन

2727. **श्री गोविन्दराम मिरी:**

क्या पेट्रोलियम और प्राकृतिक गैस मंत्री यह बताने की कृपा करेंगे कि:

(क) लेखा परीक्षित लेखों के अनुसार तेल और प्राकृतिक गैस निगम तथा अन्य निजी उपक्रमों द्वारा पिछले पांच वर्ष में गुजरात तथा अन्य राज्यों में अपने अपने क्षेत्रों में कितने मीट्रिक टन कच्चे तेल का उत्पादन किया गया;

(ख) क्या गुजरात तथा अन्य राज्यों को उक्त अवधि के दौरान कच्चे तेल पर रायल्टी का भुगतान किया गया;

(ग) क्या रायल्टी की दर में कोई असमानता है; और

(घ) उपर्युक्त कच्चे तेल की मात्रा में यदि कोई विसंगति है, तो उसके क्या कारण हैं?

पेट्रोलियम और प्राकृतिक गैस मंत्रालय में राज्य मंत्री (श्री संतोष कुमार गंगवार): (क) गुजरात और अन्य राज्यों में ओ एन जी सी/ओ आई एल और निजी/संयुक्त-उद्यम कंपनियों द्वारा किए गए कच्चे तेल के उत्पादन का ब्यौरा संलग्न विवरण में दिया गया है (नीचे देखिए)

(ख) से (घ) गुजरात और अन्य राज्य सरकारों को बिना किसकी भेदभाव के "लेखागत" दर पर कच्चे तेल पर रायल्टी का भुगतान किया गया। पिछले पांच वर्षों के लिए रायल्टी की अंतिम दरें नियंत्रक और महालेखा-परीक्षक द्वारा विधिवत रूप से लेखापरीक्षित ओ एन जी सी और ओ आई एल के उत्पादन आंकड़ों की लागत के आधार पर अधिसूचित की जाएगी। अंतिम रायल्टी दरों की अधिसूचना के बाद समायोजन किया जाएगा।